

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: October 16, 2018

REQUEST DATE: September 17, 2018

Last grant acknowledgement: Yes

Program Area: Education

APPLICANT:

The National Football Foundation and College Hall of Fame, Inc.
Suite 1130
433 Las Colinas Boulevard East
Irving, TX 75039

CONTACT: Mr. Matt Sign, Chief Operating Officer

PHONE: 972-556-1000

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$90,000 **NATURE OF REQUEST:** For general operating support

GRANT HISTORY

LAST GRANT DATE: 12/8/2017

LAST GRANT AMOUNT: \$85,000 **AFS DATE:** 3/23/2018

2013	\$100,000	12/16/2013
2014	\$100,000	12/15/2014
2015	\$90,000	12/11/2015
2016	\$90,000	12/8/2016
2017	\$85,000	12/8/2017

DLK COMMENTS: See financial analysis. Two items of note that I discovered upon requesting a more detailed budget with comparables: first, we are NFF’s only grantor. This surprised me. Second, there was a big drop-off in Board contributions for the 2018 budget (from \$419K to \$40K). A Board member had made a 5-year pledge for \$300K annually and passed away recently. \$40K given the prominence of NFF’s fifty-three Board members seemed fairly light.

WHB COMMENTS: Recognizing the family’s long history and love of the game, I’m ok with recommending renewed support. However, in my honest opinion, this request is a 15-page-long, repetitive, rambling inventory of each and every aspect/task associated with this organization. It fails to highlight in any substantive way its effect and benefit to the community.

DLK’s last note regarding the withdrawal of \$450K for operations in January 2018 despite only having \$244K in unrestricted investments is indication to me just how ineffective its development efforts are. I am sure the NFF will pay back this temporary loan by the end of the year, but it makes me wonder about all the “sponsorships” it carries and just how much cash goes along with them.

SDK COMMENTS: I do not dismiss DLK’s and WHB’s comments and concerns expressed. That said, the NFFCHF’s fundraising model is different than many of our grantees and approximately 65% of support comes from the annual gala (that family foundations and individuals support) and corporate sponsorships. They don’t write many formal requests to “institutional” foundation funders. In fact, their development office stewardship is weak outside of the annual gala effort.

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I note the JWK Scholarship Fund has an approximate value of \$360K as of 12/31/17 vs. the original gift of \$300K and after annual use of income for scholarship.

JWK's endorsement accounts for a lot here and will await his comments prior to recommending a further discount to the \$85K we made last year or not. (**JWK endorsement received 10/16/18.**)

FM KIRBY FOUNDATION
Financial Statement Analysis

The National Football
 Foundation and College Hall
 of Fame
 DLK

Grantee Name:
Prepared By:

Date: 10/2/2018

Grant Request Amt. \$ 90,000
Budgeted Amt. \$ 85,000

Type of Financial Report Submitted Audit
Period Covered in Financial Report 12/31/2017

Audit Firm Spielman Koenigsberg & Parker LLP
Opinion Present fairly
Basis of Acctg. GAAP

Date of Report Issuance 3/23/2018

Current Ratio (Liquidity Ratio/Working Capital Ratio)	2.43	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 3,201,433
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Note: A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

Allocation of Functional Expenses	12/31/2017	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 2,501,820.00	60%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 690,414.00	17%	
C. Fundraising	\$ 990,970.00	24%	
D. Total Expenses	\$ 4,183,204.00	100%	

Comments/ Notes:

BUDGET: The 2018 budget is projecting a \$26K net surplus vs \$100K for 2017 estimate. Total income is budgeted to decrease by \$371K (14%), primarily in the Board contributions line item due to a Board member who had made a 5-yr \$300K annual pledge passed away. Expenses are budgeted to increase by \$233K (6%), primarily in the areas of occupancy, professional fees and payroll. The Leadership Hall of Fame Events net income is budgeted to grow by \$562K (42%). Total scholarships are budgeted to grow by \$31K (18%). There is only \$90K in grant income - FM Kirby Foundation is the only grantor.

AUDIT: There was a \$2.7M surplus as of December 31, 2017, \$1.6M of which was realized/unrealized gains on investments. Public support increased by \$1.2M (42%) over 2016, with increases in all three line items (contributions, fund raising dinner, and Leadership Hall of Fame events). Membership dues and sponsorships grew by \$26K (3%). Total expenses declined by \$219K (5%). The FMKF grant of \$85K in 2017 was 8% of total contributions. Supporting services (management, fundraising) account for 40% of total expenses. NFF secured a \$500K loan in 2017. As of 12/31/17, there was an outstanding balance of \$423K. NFF had investments of \$12M, of which \$8.4M were endowment related. The Hall of Fame does not appear to be achieving their budgeted cash flow yet as the deferral clause was still in effect for 2017. However, the new sponsorship with Chick-fil-A as a title sponsor of the Hall will allow NFF to retire the debt on the Hall of Fame building and begin earning its annual license fee (3% of all admissions revenue) in 2018.

One subsequent event to note: The Foundation withdrew \$450K for operations in January 2018 but only had \$244K in unrestricted investments. The Foundation has drafted a document indicating that this withdrawal is a temporary loan from the Scholarship Fund to the Unrestricted Fund and that management expects to pay this loan back during 2018.

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DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$85,000**
- Hold for Board Review
- Insert Information:
- Other:

Initials: JAK

Date: 10/19/18

Check #: _____

Date: _____